



# **CITY OF SANTA BARBARA**

## **COUNCIL AGENDA REPORT**

**AGENDA DATE:** March 3, 2009  
**TO:** Mayor and Councilmembers  
**FROM:** Accounting Division, Finance Department  
**SUBJECT:** Fiscal Year 2009 Mid-Year Review

**RECOMMENDATION:** That Council:

- A. Hear a report from staff on the status of revenues and expenditures in relation to budget as of December 31, 2008;
- B. Accept the Fiscal Year 2009 Interim Financial Statements for the Six Months Ended December 31, 2008; and
- C. Approve the adjustments to appropriations and estimated revenues as shown in the Schedule of Recommended Mid-Year Budget Adjustments.

**EXECUTIVE SUMMARY:**

Each month, staff presents the interim financial statements (Attachment 1) showing the progress of revenues and expenditures in relation to budget for each of the City's Funds. Each quarter, the interim financial statements are expanded to include a detailed narrative analysis of the General Fund and Enterprise Funds. This narrative analysis is included in the attached interim financial statements (Attachment 2).

In addition to the mid-year budget analysis, staff brings forward any recommended adjustments for Council approval. These adjustments are the result of new information and/or unanticipated events that occurred since the adoption of the budget in June 2008. These adjustments are summarized in Attachment 3.

As a result of the impacts on key General Fund revenues beginning in fiscal year 2008, the fiscal year 2009 adopted budget included a combination of one-time revenues and cuts in expenditures to offset a \$4.5 million projected deficit. However, the economic downturn became an economic crisis of historical proportions that has further deteriorated revenues. As a result, our latest projections indicate a shortfall of approximately \$6.7 million.

Staff has developed a strategy to offset the projected \$6.7 million deficit that is designed to avoid any further use of reserves, which are now well below the targeted levels. The strategy includes the use of approximately \$3.2 million in one-time resource/measures,

as well as asking departments to significantly cut back in spending to achieve savings by year end of between \$3 million to \$3.5 million.

## **DISCUSSION:**

### **Balancing Strategy to Address Current Year Projected Deficits**

While the economic environment has deteriorated quickly over the last 6 months, there is still considerable uncertainty surrounding the next 6-18 months as to whether conditions will continue to worsen or improve. As such, our projections for not only this year, but next fiscal year, are in flux as new financial data trickles in. Therefore, we will need to closely monitor the revenues for any new developments or information that will help us refine our current year estimates.

At this point, we have developed a strategy based on a projected deficit of approximately \$6.7 million; however, as suggested above, this could grow based on the actual revenues realized over the second half of the year.

The \$6.7 million deficit is the result of the following items:

Shortfall in Tax and Non-Dept'l Revenues	\$2,397,232
Shortfall in Departmental Fees and Charges	1,450,000
Unrealized Anticipated Year-End Variances	2,420,494
Unbudgeted Leave Cash-Out – Retirees	<u>400,000</u>
Total	<u><u>\$6,667,726</u></u>

Attachment 4 provides a more detailed listing of these items, as well as a listing of the proposed measures designed to offset the projected deficit. The proposed measures are discussed below.

#### Departmental Savings

Each General Fund department has been asked to curtail spending to achieve overall expenditure savings in relation to budget of between \$3 million and \$3.5 million. Public safety (Police and Fire) were allocated a smaller proportion of the targeted savings as compared with other departments.

Primarily as a result of staff vacancies from turnover and retirements, expenditures typically end the year between \$1.5 million to \$2 million under budget. Thus, departments have been asked to generate up to \$2 million in additional savings above normal.

### Appropriated Reserves

The adopted budget includes \$700,000 in an appropriated reserves created specifically to provide funds to help offset a portion of any further deterioration in City revenues. These funds will go unspent, adding to the overall expenditure saving targeted for year end.

### Workers' Compensation Reserves

The Self Insurance Fund maintains reserves in accordance with actuarial evaluations of the City's outstanding claims under the workers' compensation program. Over the last several years, accumulated funds have grown beyond the actuarially determined levels due to a combination of reduced workplace injuries and changes in State law. We are recommending using the General Fund's portion of these excess reserve balances, totaling \$1 million, as a one-time measure to help close the current year projected deficit.

### Internal Service Fund Rebates

A number of City operations are established for the sole purpose of providing services to other City operations. These operations are accounted for in separate "internal service" funds, which include (1) the Intra-City Services Fund, providing vehicle maintenance and replacement, building maintenance and replacement, custodial and communications services; (2) the Information Systems Fund, which accounts for services for both financial management and desktop computer systems; and (3) the Self-Insurance Fund.

Except for the Self-Insurance Fund, charges from the internal service fund programs were reduced by 3%, providing a one-time "rebate" to the General Fund of \$243,373.

### Street Sweeping Fund Reserves

The Streets Sweeping Fund was created several years ago to account for the costs associated with the Street Sweeping Program that has now expanded to cover all planned sections of the City. The Program is primarily funded from parking citations issued to those failing to comply with the no-parking restrictions during the days when the streets are swept. In total, revenues have exceeded operating costs over the last several years as the program has evolved. As a result, the Fund has accumulated reserves of \$1 million. The General Fund balancing strategy includes using \$500,000 from these accumulated reserves as a one-time measure this year.

Capital Program Adjustments (\$725,000)

Based in a review of the current year General Fund capital program, several projects have been identified that either (1) have been completed and have remaining unspent appropriations, (2) can be postponed, or (3) can be reduced based on a more recent assessment of needed funding. The key projects include the following:

1. Financial Management System Replacement (\$425,000) – This project will be delayed until fiscal year 2011. While the FMS is on its last legs, we anticipate that it will still meet the needs of the City for the next several years.
2. Annual Playground Replacement Program (\$174,810) – This annual program funds the replacement of two playgrounds per year to keep the 22 playgrounds current with state codes. Funds were carried forward from the prior year to augment the current year funding of \$283,500 which was to be used to replace Westside, Escondido and 1-2 additional playgrounds this year (Sunflower Park and the Eastside Neighborhood Park). Based on the funding anticipated in fiscal year 2010, these additional replacements can be postponed.
3. Hale Park Dog Fence (\$70,000) – This project is mitigation for designation of Hale Park as a dog off-leash park as part of the Douglas Family Preserve Management Plan. This project has been funded for 5 years with no activity, and can therefore be delayed with no impact.
4. Kid's World refurbishment (\$57,000) – The current facility is in good condition and the Parks & Recreation Department budget includes funds for annual maintenance. Much of the project cost will be dependent upon fundraising, which could be challenging given the current economic climate; therefore, this project is a good candidate for postponement.

As appropriate, the adjustments to both estimated revenues and appropriations based on the discussion above are contained in Attachment 1 to this report. Other recommended adjustments that are not part of the balancing proposal are discussed below.

## **Recommended Mid-Year Budget Adjustments**

### **General Fund**

**The Fire Department** has responded to many calls to provide mutual aid assistance to locations throughout California. The cost of providing these services is reimbursed to the City under mutual aid agreements, which reimburse overtime and related benefit costs, use of vehicles at a per diem rate, and overhead. Staff estimates that the City will receive \$2,163,678 in revenue from mutual aid reimbursements in fiscal year 2009. Staff is requesting additional appropriations of \$755,359 for salaries to be funded from the unanticipated revenue that will be received this fiscal year. Staff is also recommending that budgeted revenues from mutual aid reimbursements be increased by an additional \$250,000 and that capital expenditures be reduced by \$131,836 to meet the Fire Department's share of General Funds' \$3 - \$3.5 million expenditure reductions.

### **Other Funds**

The **Water Fund** staff is requesting \$500,000 additional appropriations to pay for additional water treatment costs as a result of the Zaca Fire. These appropriations will be funded from Water Fund reserves.

The **Wastewater Fund** staff is requesting a \$350,000 increase in appropriations for the Sewer Lateral Rebate program. This increase will be funded by a transfer from the Wastewater Capital Fund.

The **Wastewater Capital Fund** is requesting a \$350,000 reduction in appropriations for the Sewer Overflow Compliance program and \$350,000 increased appropriations for transfers out to the Wastewater Fund.

The **Information Systems Capital Fund (IS Capital Fund)** staff is requesting \$168,888 additional appropriations for the current year portion of the City's Infrastructure Upgrade project. The additional appropriations will be funded from a \$55,000 transfer from the Information Systems Operating Fund, \$33,333 transfer from the City Hall Allocation Fund, and an \$80,555 reduction in the GIS Capital Project already budgeted in the IS Capital Fund.

**Information Systems Operating Fund** staff is requesting a \$55,000 increase in appropriations for capital transfers to the IS Capital Fund. The increased appropriations will be funded from IS Operating Fund reserves.

Staff requests that **City Hall Allocation Fund** appropriations be increased \$33,333 for capital transfers to the IS Capital Fund. The increased appropriations will be funded from City Hall Allocation Fund reserves.

- ATTACHMENTS:**
1. Summary by Fund Statement of Revenues and Expenditures for the Six Months Ended December 31, 2008
  2. Interim Financial Statements for the Six Months Ended December 31, 2008 (Narrative Analysis)
  3. Schedule of Recommended Mid-Year Budget Adjustments
  4. Summary of Recommended Balancing Strategy

**PREPARED BY:** Rudolf J. Livingston, Accounting Manager

**SUBMITTED BY:** Robert D. Peirson, Finance Director

**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenditures**  
**Summary by Fund**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
<b>GENERAL FUND</b>					
Revenue	109,312,615	49,167,362	-	60,145,252	45.0%
Expenditures	110,522,415	56,691,061	1,804,286	52,027,068	52.9%
<i>Addition to / (use of) reserves</i>	<u>(1,209,800)</u>	<u>(7,523,698)</u>	<u>(1,804,286)</u>		
<b>WATER OPERATING FUND</b>					
Revenue	32,593,646	18,819,047	-	13,774,599	57.7%
Expenditures	35,793,013	16,930,522	2,265,013	16,597,478	53.6%
<i>Addition to / (use of) reserves</i>	<u>(3,199,367)</u>	<u>1,888,525</u>	<u>(2,265,013)</u>		
<b>WASTEWATER OPERATING FUND</b>					
Revenue	14,625,942	7,531,070	-	7,094,872	51.5%
Expenditures	15,056,773	6,762,451	1,208,476	7,085,846	52.9%
<i>Addition to / (use of) reserves</i>	<u>(430,831)</u>	<u>768,618</u>	<u>(1,208,476)</u>		
<b>DOWNTOWN PARKING</b>					
Revenue	7,464,980	3,429,033	-	4,035,947	45.9%
Expenditures	9,624,437	3,915,465	1,831,763	3,877,209	59.7%
<i>Addition to / (use of) reserves</i>	<u>(2,159,457)</u>	<u>(486,432)</u>	<u>(1,831,763)</u>		
<b>AIRPORT OPERATING FUND</b>					
Revenue	12,892,002	6,857,433	-	6,034,569	53.2%
Expenditures	15,006,609	7,031,404	745,421	7,229,785	51.8%
<i>Addition to / (use of) reserves</i>	<u>(2,114,607)</u>	<u>(173,972)</u>	<u>(745,421)</u>		
<b>GOLF COURSE FUND</b>					
Revenue	2,695,570	1,142,670	-	1,552,900	42.4%
Expenditures	3,349,846	1,710,761	249,453	1,389,632	58.5%
<i>Addition to / (use of) reserves</i>	<u>(654,276)</u>	<u>(568,091)</u>	<u>(249,453)</u>		
<b>INTRA-CITY SERVICE FUND</b>					
Revenue	8,540,480	4,045,986	-	4,494,494	47.4%
Expenditures	9,063,140	3,974,424	934,423	4,154,293	54.2%
<i>Addition to / (use of) reserves</i>	<u>(522,660)</u>	<u>71,562</u>	<u>(934,423)</u>		

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenditures**  
**Summary by Fund**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
<b>ICS EQUIPMENT REPLACEMENT FUND</b>					
Revenue	2,347,673	1,260,763	-	1,086,910	53.7%
Expenditures	3,941,790	903,879	1,006,466	2,031,446	48.5%
Addition to / (use of) reserves	(1,594,117)	356,884	(1,006,466)		
<b>SELF INSURANCE TRUST FUND</b>					
Revenue	5,958,769	4,021,026	-	1,937,743	67.5%
Expenditures	8,062,830	4,010,656	417,904	3,634,270	54.9%
Addition to / (use of) reserves	(2,104,061)	10,370	(417,904)		
<b>INFORMATION SYSTEMS ICS FUND</b>					
Revenue	2,546,684	1,296,374	-	1,250,310	50.9%
Expenditures	2,760,082	1,145,177	321,631	1,293,273	53.1%
Addition to / (use of) reserves	(213,398)	151,197	(321,631)		
<b>WATERFRONT FUND</b>					
Revenue	11,548,876	5,960,733	-	5,588,143	51.6%
Expenditures	12,168,847	6,053,868	647,666	5,467,313	55.1%
Addition to / (use of) reserves	(619,971)	(93,135)	(647,666)		
<b>TOTAL FOR ALL FUNDS</b>					
Revenue	210,527,237	103,531,497	-	106,995,740	49.2%
Expenditures	225,349,782	109,129,667	11,432,502	104,787,613	53.5%
Addition to / (use of) reserves	(14,822,545)	(5,598,170)	(11,432,502)		

**\*\* It is City policy to adopt a balanced budget. In most cases, encumbrance balances exist at year-end. These encumbrance balances are obligations of each fund and must be reported at the beginning of each fiscal year. In addition, a corresponding appropriations entry must be made in order to accommodate the 'carried-over' encumbrance amount. Most differences between budgeted annual revenues and expenses are due to these encumbrance carryovers.**



**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Budgeted and Actual Revenues**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Remaining Balance</u>	<u>Percent Received</u>	<u>Previous YTD</u>
<b>TAXES</b>					
Sales and Use	20,759,000	7,603,457	13,155,543	36.6%	8,034,799
Property Taxes	23,306,000	8,590,431	14,715,569	36.9%	8,358,056
Utility Users Tax	6,966,000	3,509,286	3,456,714	50.4%	3,347,604
Transient Occupancy Tax	13,334,000	7,737,272	5,596,728	58.0%	7,664,159
Franchise Fees	2,995,400	1,463,071	1,532,329	48.8%	1,320,438
Business License	2,258,500	982,866	1,275,634	43.5%	889,604
Real Property Transfer Tax	500,000	166,796	333,204	33.4%	296,310
<i>Total</i>	<u>70,118,900</u>	<u>30,053,178</u>	<u>40,065,722</u>	<u>42.9%</u>	<u>29,910,969</u>
<b>LICENSES &amp; PERMITS</b>					
Licenses & Permits	128,995	92,424	36,571	71.6%	68,385
<i>Total</i>	<u>128,995</u>	<u>92,424</u>	<u>36,571</u>	<u>71.6%</u>	<u>68,385</u>
<b>FINES &amp; FORFEITURES</b>					
Parking Violations	2,733,937	1,235,900	1,498,037	45.2%	1,185,954
Library Fines	145,000	52,799	92,201	36.4%	64,956
Municipal Court Fines	148,000	88,604	59,396	59.9%	78,206
<i>Total</i>	<u>3,026,937</u>	<u>1,377,303</u>	<u>1,649,634</u>	<u>45.5%</u>	<u>1,329,116</u>
<b>USE OF MONEY &amp; PROPERTY</b>					
Investment Income	1,514,026	768,004	746,022	50.7%	908,484
Rents & Concessions	406,666	198,987	207,679	48.9%	213,266
<i>Total</i>	<u>1,920,692</u>	<u>966,991</u>	<u>953,701</u>	<u>50.3%</u>	<u>1,121,751</u>
<b>INTERGOVERNMENTAL</b>					
Grants	969,399	1,830,605	(861,206)	188.8%	1,572,143
Vehicle License Fees	432,400	140,864	291,536	32.6%	210,816
<i>Total</i>	<u>1,401,799</u>	<u>1,971,469</u>	<u>(569,670)</u>	<u>140.6%</u>	<u>1,782,958</u>
<b>FEES &amp; SERVICE CHARGES</b>					
Finance	858,930	406,412	452,518	47.3%	396,315
Community Development	5,545,017	2,179,264	3,365,753	39.3%	2,392,990
Recreation	2,555,665	1,131,940	1,423,725	44.3%	1,066,894
Public Safety	433,055	168,066	264,989	38.8%	153,731
Public Works	4,220,897	2,005,240	2,215,657	47.5%	2,302,339
Library	782,082	18,541	763,541	2.4%	31,838
Reimbursements	5,236,450	2,502,685	2,733,765	47.8%	2,496,446
<i>Total</i>	<u>19,632,096</u>	<u>8,412,148</u>	<u>11,219,948</u>	<u>42.8%</u>	<u>8,840,553</u>
<b>OTHER MISCELLANEOUS REVENUES</b>					
Miscellaneous	2,926,626	2,368,038	558,588	80.9%	779,814
Indirect Allocations	6,478,919	3,292,960	3,185,959	50.8%	3,155,767
Operating Transfers-In	3,677,651	632,851	3,044,800	17.2%	222,378
<i>Total</i>	<u>13,083,196</u>	<u>6,293,850</u>	<u>6,789,346</u>	<u>48.1%</u>	<u>4,157,958</u>
<b>TOTAL REVENUES</b>	<u>109,312,615</u>	<u>49,167,362</u>	<u>60,145,252</u>	<u>45.0%</u>	<u>47,211,690</u>

**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Appropriations, Expenditures and Encumbrances**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>** Remaining Balance</u>	<u>YTD Expended and Encumbered</u>	<u>Previous YTD</u>
<b>GENERAL GOVERNMENT</b>						
<u>Mayor &amp; City Council</u>						
MAYOR	857,792	394,258	998	462,536	46.1%	
<i>Total</i>	<u>857,792</u>	<u>394,258</u>	<u>998</u>	<u>462,536</u>	46.1%	<u>383,505</u>
<u>City Attorney</u>						
CITY ATTORNEY	2,230,025	1,093,336	-	1,136,689	49.0%	
<i>Total</i>	<u>2,230,025</u>	<u>1,093,336</u>	<u>-</u>	<u>1,136,689</u>	49.0%	<u>1,028,402</u>
<u>Administration</u>						
CITY ADMINISTRATOR	1,506,079	753,438	11,224	741,417	50.8%	
LABOR RELATIONS	289,415	116,248	33,851	139,316	51.9%	
CITY TV	528,509	262,945	37,849	227,715	56.9%	
<i>Total</i>	<u>2,324,004</u>	<u>1,132,631</u>	<u>82,924</u>	<u>1,108,449</u>	52.3%	<u>1,081,062</u>
<u>Administrative Services</u>						
CITY CLERK	625,160	240,521	24,503	360,137	42.4%	
HUMAN RESOURCES	1,315,794	608,059	30,241	677,494	48.5%	
ADMIN SVCS-EMPLOYEE DEVELOPMENT	279,334	103,419	-	175,915	37.0%	
<i>Total</i>	<u>2,220,288</u>	<u>951,999</u>	<u>54,743</u>	<u>1,213,546</u>	45.3%	<u>1,138,281</u>
<u>Finance</u>						
ADMINISTRATION	820,053	382,741	13,909	423,404	48.4%	
TREASURY	443,154	216,157	-	226,997	48.8%	
CASHIERING & COLLECTION	359,549	157,900	-	201,649	43.9%	
LICENSES & PERMITS	545,422	268,689	-	276,733	49.3%	
BUDGET MANAGEMENT	446,158	153,132	15,000	278,026	37.7%	
ACCOUNTING	577,684	227,854	58,238	291,592	49.5%	
PAYROLL	290,216	140,092	7,695	142,429	50.9%	
ACCOUNTS PAYABLE	220,571	109,847	-	110,724	49.8%	
CITY BILLING & CUSTOMER SERVICE	566,683	252,183	11,722	302,779	46.6%	
PURCHASING	665,581	326,346	1,166	338,070	49.2%	
CENTRAL STORES	201,854	102,025	-	99,829	50.5%	
MAIL SERVICES	102,166	49,946	3,424	48,796	52.2%	
<i>Total</i>	<u>5,239,090</u>	<u>2,387,485</u>	<u>111,154</u>	<u>2,740,452</u>	47.7%	<u>2,217,368</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>12,871,199</u>	<u>5,959,709</u>	<u>249,819</u>	<u>6,661,671</u>	48.2%	<u>5,848,618</u>
<b>PUBLIC SAFETY</b>						
<u>Police</u>						
CHIEF'S STAFF	1,090,492	591,889	-	498,603	54.3%	
SUPPORT SERVICES	564,190	292,627	4,913	266,650	52.7%	
RECORDS	1,405,560	689,950	14,312	701,298	50.1%	
COMMUNITY SVCS	1,064,540	680,457	13,738	370,345	65.2%	
CRIME ANALYSIS	94,472	43,552	-	50,920	46.1%	
PROPERTY ROOM	124,389	68,491	309	55,589	55.3%	

**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Appropriations, Expenditures and Encumbrances**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>** Remaining Balance</b>	<b>YTD Expended and Encumbered</b>	<b>Previous YTD</b>
<b>PUBLIC SAFETY</b>						
<u>Police</u>						
TRNG/RECRUITMENT	448,504	201,421	987	246,097	45.1%	
RANGE	976,214	522,206	14,573	439,435	55.0%	
BEAT COORDINATORS	896,729	441,172	788	454,770	49.3%	
INFORMATION TECHNOLOGY	1,146,901	668,275	59,017	419,609	63.4%	
INVESTIGATIVE DIVISION	4,690,801	2,597,627	7,619	2,085,555	55.5%	
CRIME LAB	215,166	113,362	650	101,154	53.0%	
PATROL DIVISION	12,615,285	6,491,256	105,610	6,018,419	52.3%	
TRAFFIC	1,201,073	646,082	1,391	553,600	53.9%	
SPECIAL EVENTS	817,819	868,362	-	(50,543)	106.2%	
TACTICAL PATROL FORCE	1,038,682	557,422	-	481,260	53.7%	
STREET SWEEPING ENFORCEMENT	258,157	124,594	-	133,563	48.3%	
NIGHT LIFE ENFORCEMENT	440,911	219,301	-	221,610	49.7%	
PARKING ENFORCEMENT	1,044,119	420,593	49,688	573,838	45.0%	
CCC	2,318,346	1,067,053	503	1,250,790	46.0%	
ANIMAL CONTROL	610,568	251,076	257	359,235	41.2%	
<i>Total</i>	<u>33,062,918</u>	<u>17,557,076</u>	<u>274,353</u>	<u>15,231,489</u>	53.9%	<u>16,432,203</u>
<u>Fire</u>						
ADMINISTRATION	972,912	651,731	53,511	267,669	72.5%	
EMERGENCY SERVICES AND PUBLIC ED	364,075	154,851	6,368	202,856	44.3%	
PREVENTION	1,174,647	574,048	2,141	598,458	49.1%	
WILDLAND FIRE MITIGATION PROGRAM	188,738	82,851	9,354	96,532	48.9%	
OPERATIONS	16,427,039	9,045,545	55,490	7,326,004	55.4%	
ARFF	1,520,279	798,280	-	721,999	52.5%	
<i>Total</i>	<u>20,647,690</u>	<u>11,307,424</u>	<u>126,864</u>	<u>9,213,402</u>	55.4%	<u>10,463,903</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>53,710,608</u>	<u>28,864,500</u>	<u>401,217</u>	<u>24,444,891</u>	54.5%	<u>26,896,106</u>
<b>PUBLIC WORKS</b>						
<u>Public Works</u>						
ADMINISTRATION	885,393	432,216	11,019	442,158	50.1%	
ENGINEERING SVCS	4,265,505	2,051,270	31,989	2,182,246	48.8%	
PUBLIC RT OF WAY MGMT	1,449,021	629,015	39,103	780,903	46.1%	
ENVIRONMENTAL PROGRAMS	634,286	233,561	88,266	312,459	50.7%	
<i>Total</i>	<u>7,234,204</u>	<u>3,346,062</u>	<u>170,376</u>	<u>3,717,765</u>	48.6%	<u>3,220,980</u>
<b>TOTAL PUBLIC WORKS</b>	<u>7,234,204</u>	<u>3,346,062</u>	<u>170,376</u>	<u>3,717,765</u>	48.6%	<u>3,220,980</u>
<b>COMMUNITY SERVICES</b>						
<u>Parks &amp; Recreation</u>						
PRGM MGMT & BUS SVCS	483,494	264,766	-	218,728	54.8%	
FACILITIES	467,880	221,525	6,491	239,863	48.7%	
CULTURAL ARTS	574,265	304,831	29,896	239,538	58.3%	
YOUTH ACTIVITIES	1,190,773	623,013	16,866	550,895	53.7%	

**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Appropriations, Expenditures and Encumbrances**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>** Remaining Balance</b>	<b>YTD Expended and Encumbered</b>	<b>Previous YTD</b>
<b>COMMUNITY SERVICES</b>						
<u>Parks &amp; Recreation</u>						
TEEN PROGRAMS	395,140	203,845	2,334	188,961	52.2%	
SR CITIZENS	828,181	431,353	997	395,832	52.2%	
AQUATICS	1,178,393	695,161	38,371	444,861	62.2%	
SPORTS	468,991	249,631	5,183	214,176	54.3%	
TENNIS	316,401	182,582	-	133,819	57.7%	
WESTSIDE CENTER	1,050,645	516,017	2,644	531,984	49.4%	
ADMINISTRATION	580,032	294,959	-	285,073	50.9%	
PROJECT MANAGEMENT TEAM	356,737	177,528	-	179,209	49.8%	
BUSINESS SERVICES	523,482	252,007	50,097	221,377	57.7%	
FACILITY & PROJECT MGT	1,152,688	623,160	3,906	525,622	54.4%	
GROUND MANAGEMENT	5,001,093	2,285,057	239,947	2,476,090	50.5%	
FORESTRY	1,287,535	633,735	8,335	645,465	49.9%	
BEACH MAINTENANCE	192,023	81,246	20,704	90,073	53.1%	
<i>Total</i>	<u>16,047,753</u>	<u>8,041,140</u>	<u>425,771</u>	<u>7,580,842</u>	52.8%	<u>7,614,855</u>
<u>Library</u>						
ADMINISTRATION	455,273	229,077	-	226,196	50.3%	
PUBLIC SERVICES	2,495,297	1,210,954	16,405	1,267,938	49.2%	
SUPPORT SERVICES	1,666,715	854,647	36,781	775,287	53.5%	
<i>Total</i>	<u>4,617,285</u>	<u>2,294,678</u>	<u>53,186</u>	<u>2,269,421</u>	50.8%	<u>2,157,106</u>
<b>TOTAL COMMUNITY SERVICES</b>	<u>20,665,038</u>	<u>10,335,818</u>	<u>478,956</u>	<u>9,850,264</u>	52.3%	<u>9,771,961</u>
<b>COMMUNITY DEVELOPMENT</b>						
<u>Community Development</u>						
ADMINISTRATION	493,605	241,331	2,552	249,722	49.4%	
ECON DEV	95,801	47,304	4,491	44,007	54.1%	
CITY ARTS ADVISORY PROGRAM	590,047	524,024	-	66,024	88.8%	
HUMAN SVCS	817,930	429,063	364,692	24,175	97.0%	
RDA	817,712	368,052	-	449,660	45.0%	
RDA HSG DEV	698,768	344,814	-	353,954	49.3%	
LR PLANNING/STUDIES	775,787	347,664	390	427,733	44.9%	
DEV & DESIGN REVIEW	1,222,228	608,304	40,986	572,938	53.1%	
ZONING	915,314	446,081	768	468,465	48.8%	
DESIGN REV & HIST PRESERVATN	1,071,992	490,559	49,573	531,861	50.4%	
SHO/ENVIRON REVIEW/TRAINING	781,891	373,363	5,743	402,785	48.5%	
BLDG PERMITS	1,171,075	564,048	5,149	601,878	48.6%	
RECORDS & ARCHIVES	622,223	293,726	22,443	306,053	50.8%	
PLAN CK & COUNTER SRV	1,422,127	665,714	7,130	749,283	47.3%	
<i>Total</i>	<u>11,496,500</u>	<u>5,744,046</u>	<u>503,917</u>	<u>5,248,537</u>	54.3%	<u>5,464,302</u>
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<u>11,496,500</u>	<u>5,744,046</u>	<u>503,917</u>	<u>5,248,537</u>	54.3%	<u>5,464,302</u>

**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Appropriations, Expenditures and Encumbrances**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>** Remaining Balance</b>	<b>YTD Expended and Encumbered</b>	<b>Previous YTD</b>
<b>NON-DEPARTMENTAL</b>						
<u>Non-Departmental</u>						
COMMUNITY PROMOTIONS	1,783,071	1,013,830	-	769,241	56.9%	
SPECIAL PROJECTS	42,220	23,720	-	18,500	56.2%	
TRANSFERS OUT	43,500	43,500	-	-	100.0%	
DEBT SERVICE TRANSFERS	355,945	286,058	-	69,887	80.4%	
CAPITAL OUTLAY TRANSFER	1,619,352	1,073,817	-	545,535	66.3%	
APPROP. RESERVE	700,777	-	-	700,777	0.0%	
<i>Total</i>	<u>4,544,865</u>	<u>2,440,925</u>	<u>-</u>	<u>2,103,940</u>	53.7%	<u>2,404,450</u>
<b>TOTAL NON-DEPARTMENTAL</b>	<u>4,544,865</u>	<u>2,440,925</u>	<u>-</u>	<u>2,103,940</u>	53.7%	<u>2,404,450</u>
<b>TOTAL EXPENDITURES</b>	<u>110,522,415</u>	<u>56,691,061</u>	<u>1,804,286</u>	<u>52,027,068</u>	52.9%	<u>53,606,417</u>

*\*\* The legal level of budgetary control is at the department level for the General Fund. Therefore, as long as the department as a whole is within budget, budgetary compliance has been achieved. The City actively monitors the budget status of each department and takes measures to address potential over budget situations before they occur.*

*For Enterprise and Internal Service Funds, the legal level of budgetary control is at the fund level. The City also monitors and addresses these fund types for potential over budget situations.*

**CITY OF SANTA BARBARA**  
**Special Revenue Funds**  
**Interim Statement of Revenues and Expenditures**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
<b>TRAFFIC SAFETY FUND</b>					
Revenue	513,000	268,368	-	244,632	52.3%
Expenditures	513,000	268,368	-	244,632	52.3%
<i>Revenue Less Expenditures</i>	-	-	-	-	
<b>CREEK RESTORATION/WATER QUALITY IMPRVMT</b>					
Revenue	2,953,769	1,750,420	-	1,203,349	59.3%
Expenditures	3,125,118	1,197,885	334,618	1,592,615	49.0%
<i>Revenue Less Expenditures</i>	(171,349)	552,535	(334,618)	(389,266)	
<b>SOLID WASTE PROGRAM</b>					
Revenue	17,522,051	8,706,346	-	8,815,705	49.7%
Expenditures	17,679,913	8,363,513	151,127	9,165,273	48.2%
<i>Revenue Less Expenditures</i>	(157,862)	342,832	(151,127)	(349,568)	
<b>COMM.DEVELOPMENT BLOCK GRANT</b>					
Revenue	2,555,943	711,973	-	1,843,970	27.9%
Expenditures	2,555,943	370,203	269,543	1,916,197	25.0%
<i>Revenue Less Expenditures</i>	-	341,770	(269,543)	(72,227)	
<b>COUNTY LIBRARY</b>					
Revenue	1,877,220	142,489	-	1,734,731	7.6%
Expenditures	1,893,738	886,038	39,811	967,889	48.9%
<i>Revenue Less Expenditures</i>	(16,518)	(743,549)	(39,811)	766,842	
<b>STREETS FUND</b>					
Revenue	9,994,205	5,023,468	-	4,970,738	50.3%
Expenditures	14,667,871	5,368,718	1,413,945	7,885,208	46.2%
<i>Revenue Less Expenditures</i>	(4,673,666)	(345,250)	(1,413,945)	(2,914,470)	
<b>MEASURE "D"</b>					
Revenue	5,186,919	2,032,144	-	3,154,775	39.2%
Expenditures	8,270,484	1,761,388	2,080,741	4,428,354	46.5%
<i>Revenue Less Expenditures</i>	(3,083,565)	270,756	(2,080,741)	(1,273,579)	

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**WATER OPERATING FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Water Sales - Metered	28,462,500	16,207,308	-	12,255,192	56.9%	16,242,138
Service Charges	499,392	200,612	-	298,780	40.2%	217,862
Cater JPA Treatment Charges	1,700,000	1,393,580	-	306,420	82.0%	1,026,117
Investment Income	1,285,000	815,721	-	469,279	63.5%	814,251
Grants	16,098	-	-	16,098	0.0%	-
Reimbursements	18,000	-	-	18,000	0.0%	-
Miscellaneous	612,656	201,826	-	410,830	32.9%	102,099
<b>TOTAL REVENUES</b>	<u>32,593,646</u>	<u>18,819,047</u>	<u>-</u>	<u>13,774,599</u>	<u>57.7%</u>	<u>18,402,467</u>
<b>EXPENSES</b>						
Salaries & Benefits	7,244,664	3,430,633	-	3,814,031	47.4%	3,350,090
Materials, Supplies & Services	7,743,491	3,544,893	1,967,513	2,231,086	71.2%	3,038,698
Special Projects	247,651	44,767	31,298	171,586	30.7%	31,862
Water Purchases	7,518,586	3,292,242	257,491	3,968,854	47.2%	3,316,567
Debt Service	4,759,271	2,580,787	-	2,178,484	54.2%	2,196,352
Capital Outlay Transfers	7,855,039	4,004,317	-	3,850,722	51.0%	3,267,327
Equipment	163,824	4,882	6,163	152,779	6.7%	16,383
Capitalized Fixed Assets	104,786	7,674	2,549	94,563	9.8%	23,126
Other	5,700	20,328	-	(14,628)	356.6%	5,039
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>35,793,013</u>	<u>16,930,522</u>	<u>2,265,013</u>	<u>16,597,478</u>	<u>53.6%</u>	<u>15,245,445</u>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**WASTEWATER OPERATING FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Service Charges	13,452,500	6,932,271	-	6,520,229	51.5%	6,595,443
Fees	519,515	212,774	-	306,741	41.0%	228,122
Investment Income	480,000	280,084	-	199,916	58.4%	305,077
Miscellaneous	173,927	105,940	-	67,987	60.9%	7,079
<b>TOTAL REVENUES</b>	<u>14,625,942</u>	<u>7,531,070</u>	<u>-</u>	<u>7,094,872</u>	<u>51.5%</u>	<u>7,135,721</u>
<b>EXPENSES</b>						
Salaries & Benefits	5,002,852	2,389,126	-	2,613,726	47.8%	2,330,930
Materials, Supplies & Services	5,651,183	2,243,536	1,100,995	2,306,652	59.2%	2,466,394
Special Projects	565,217	546,593	96,877	(78,253)	113.8%	356,563
Debt Service	1,355,548	390,277	-	965,271	28.8%	359,145
Capital Outlay Transfers	2,242,107	1,169,607	-	1,072,500	52.2%	1,057,464
Equipment	31,432	7,919	8,191	15,322	51.3%	28,983
Capitalized Fixed Assets	58,435	15,394	2,413	40,627	30.5%	5,268
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>15,056,773</u>	<u>6,762,451</u>	<u>1,208,476</u>	<u>7,085,846</u>	<u>52.9%</u>	<u>6,604,747</u>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.



**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**  
**DOWNTOWN PARKING**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Improvement Tax	880,000	431,172	-	448,828	49.0%	426,444
Parking Fees	6,145,000	2,714,983	-	3,430,017	44.2%	2,855,736
Investment Income	325,000	182,289	-	142,711	56.1%	185,852
Miscellaneous	71,480	57,089	-	14,391	79.9%	1,692
Operating Transfers-In	43,500	43,500	-	-	100.0%	36,420
<b>TOTAL REVENUES</b>	<u>7,464,980</u>	<u>3,429,033</u>	<u>-</u>	<u>4,035,947</u>	<u>45.9%</u>	<u>3,506,144</u>
<b>EXPENSES</b>						
Salaries & Benefits	3,624,380	1,786,683	-	1,837,697	49.3%	1,690,108
Materials, Supplies & Services	2,031,789	835,757	186,376	1,009,657	50.3%	893,581
Special Projects	886,504	365,142	502,189	19,173	97.8%	380,278
Capital Outlay Transfers	34,078	34,078	-	-	100.0%	9,523
Equipment	40,000	332	2,800	36,868	7.8%	-
Capitalized Fixed Assets	2,947,685	893,473	1,140,399	913,813	69.0%	160,656
Appropriated Reserve	60,000	-	-	60,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>9,624,437</u>	<u>3,915,465</u>	<u>1,831,763</u>	<u>3,877,209</u>	<u>59.7%</u>	<u>3,134,146</u>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**  
**AIRPORT OPERATING FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Leases - Commercial / Industrial	4,071,450	2,165,746	-	1,905,704	53.2%	2,031,557
Leases - Terminal	5,029,702	2,468,349	-	2,561,353	49.1%	2,520,140
Leases - Non-Commerical Aviation	1,168,600	613,558	-	555,042	52.5%	625,890
Leases - Commerical Aviation	1,955,000	1,137,116	-	817,884	58.2%	1,091,339
Investment Income	413,000	283,405	-	129,595	68.6%	261,204
Miscellaneous	254,250	189,258	-	64,992	74.4%	105,427
<b>TOTAL REVENUES</b>	<b>12,892,002</b>	<b>6,857,433</b>	<b>-</b>	<b>6,034,569</b>	<b>53.2%</b>	<b>6,635,556</b>
<b>EXPENSES</b>						
Salaries & Benefits	4,880,629	2,307,534	-	2,573,095	47.3%	2,251,413
Materials, Supplies & Services	6,996,243	3,172,448	738,346	3,085,449	55.9%	3,035,380
Special Projects	770,150	185,987	-	584,163	24.1%	207,116
Transfers-Out	-	-	-	-	100.0%	47,040
Capital Outlay Transfers	2,143,129	1,297,449	-	845,680	60.5%	1,933,842
Equipment	128,728	29,772	6,417	92,538	28.1%	61,282
Capitalized Fixed Assets	38,900	38,214	657	28	99.9%	112,895
Appropriated Reserve	48,831	-	-	48,831	0.0%	-
<b>TOTAL EXPENSES</b>	<b>15,006,609</b>	<b>7,031,404</b>	<b>745,421</b>	<b>7,229,785</b>	<b>51.8%</b>	<b>7,648,969</b>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**GOLF COURSE FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Fees & Card Sales	2,003,600	956,138	-	1,047,462	47.7%	979,045
Investment Income	35,000	23,680	-	11,320	67.7%	28,923
Rents & Concessions	285,000	137,854	-	147,146	48.4%	131,136
Miscellaneous	371,970	24,998	-	346,972	6.7%	1,548
<b>TOTAL REVENUES</b>	<u>2,695,570</u>	<u>1,142,670</u>	<u>-</u>	<u>1,552,900</u>	<u>42.4%</u>	<u>1,140,652</u>
<b>EXPENSES</b>						
Salaries & Benefits	1,204,819	597,609	-	607,210	49.6%	574,154
Materials, Supplies & Services	704,468	397,795	128,660	178,013	74.7%	364,354
Special Projects	69,117	34,918	29,379	4,820	93.0%	3,531
Debt Service	184,379	155,696	-	28,683	84.4%	152,560
Capital Outlay Transfers	17,070	17,070	-	-	100.0%	4,416
Equipment	8,400	1,200	-	7,200	14.3%	1,364
Capitalized Fixed Assets	1,161,594	506,473	91,414	563,707	51.5%	40,962
<b>TOTAL EXPENSES</b>	<u>3,349,846</u>	<u>1,710,761</u>	<u>249,453</u>	<u>1,389,632</u>	<u>58.5%</u>	<u>1,141,341</u>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**INTRA-CITY SERVICE FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Vehicle Maintenance Charges	2,758,111	1,355,143	-	1,402,968	49.1%	1,337,317
Work Orders - Bldg Maint.	3,840,056	1,726,530	-	2,113,526	45.0%	1,934,080
Service Charges	1,799,291	869,872	-	929,419	48.3%	874,198
Miscellaneous	143,022	94,441	-	48,581	66.0%	7,478
<b>TOTAL REVENUES</b>	<u>8,540,480</u>	<u>4,045,986</u>	<u>-</u>	<u>4,494,494</u>	<u>47.4%</u>	<u>4,153,073</u>
<b>EXPENSES</b>						
Salaries & Benefits	4,596,987	2,125,310	-	2,471,677	46.2%	2,027,319
Materials, Supplies & Services	2,358,662	1,179,628	326,332	852,702	63.8%	954,793
Special Projects	1,924,894	615,830	565,914	743,149	61.4%	460,155
Capital Outlay Transfers	1,603	1,603	-	-	100.0%	2,389
Equipment	35,500	13,750	-	21,750	38.7%	41,678
Capitalized Fixed Assets	135,494	38,303	42,177	55,014	59.4%	15,591
Appropriated Reserve	10,000	-	-	10,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>9,063,140</u>	<u>3,974,424</u>	<u>934,423</u>	<u>4,154,293</u>	<u>54.2%</u>	<u>3,501,925</u>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**ICS EQUIPMENT REPLACEMENT FUND**

	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>Remaining Balance</b>	<b>Percent of Budget</b>	<b>Previous YTD</b>
<b>REVENUES</b>						
Vehicle Rental Charges	1,852,299	926,149	-	926,150	50.0%	1,041,845
Investment Income	225,000	149,846	-	75,154	66.6%	143,015
Rents & Concessions	268,241	134,120	-	134,121	50.0%	134,120
Miscellaneous	2,133	50,647	-	(48,514)	2374.5%	12,644
<b>TOTAL REVENUES</b>	<b>2,347,673</b>	<b>1,260,763</b>	<b>-</b>	<b>1,086,910</b>	<b>53.7%</b>	<b>1,331,624</b>
<b>EXPENSES</b>						
Salaries & Benefits	123,004	58,138	-	64,866	47.3%	52,889
Materials, Supplies & Services	1,097	1,299	-	(202)	118.4%	1,271
Equipment	-	-	-	-	100.0%	293,215
Capitalized Fixed Assets	3,817,689	844,442	1,006,466	1,966,781	48.5%	344,448
<b>TOTAL EXPENSES</b>	<b>3,941,790</b>	<b>903,879</b>	<b>1,006,466</b>	<b>2,031,446</b>	<b>48.5%</b>	<b>691,823</b>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**SELF INSURANCE TRUST FUND**

	<b>** Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>Remaining Balance</b>	<b>Percent of Budget</b>	<b>Previous YTD</b>
<b>REVENUES</b>						
Insurance Premiums	3,197,440	1,598,720	-	1,598,720	50.0%	1,570,080
Workers' Compensation Premiums	2,107,502	928,751	-	1,178,751	44.1%	1,120,529
OSH Charges	291,620	146,050	-	145,570	50.1%	126,924
Investment Income	361,434	243,229	-	118,205	67.3%	262,156
Miscellaneous	773	354,276	-	(353,503)	45831.3%	97,792
Accel - Return of Premium	-	750,000	-	(750,000)	100.0%	-
<b>TOTAL REVENUES</b>	<b>5,958,769</b>	<b>4,021,026</b>	<b>-</b>	<b>1,937,743</b>	<b>67.5%</b>	<b>3,177,481</b>
<b>EXPENSES</b>						
Salaries & Benefits	633,005	257,933	-	375,072	40.7%	252,315
Materials, Supplies & Services	5,836,337	2,160,733	417,904	3,257,700	44.2%	2,469,467
Transfers-Out	1,589,851	1,589,853	-	(2)	100.0%	-
Capital Outlay Transfers	2,137	2,137	-	-	100.0%	3,185
Equipment	1,500	-	-	1,500	0.0%	240
<b>TOTAL EXPENSES</b>	<b>8,062,830</b>	<b>4,010,656</b>	<b>417,904</b>	<b>3,634,270</b>	<b>54.9%</b>	<b>2,725,206</b>

**\*\* The Self Insurance Trust Fund is an internal service fund of the City, which accounts for the cost of providing workers' compensation, property and liability insurance as well as unemployment insurance and certain self-insured employee benefits on a city-wide basis. Internal Service Funds charge other funds for the cost of providing their specific services.**

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**INFORMATION SYSTEMS ICS FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Service charges	2,542,887	1,285,849	-	1,257,038	50.6%	1,222,543
Miscellaneous	3,797	10,526	-	(6,729)	277.2%	-
<b>TOTAL REVENUES</b>	<u>2,546,684</u>	<u>1,296,374</u>	<u>-</u>	<u>1,250,310</u>	<u>50.9%</u>	<u>1,222,543</u>
<b>EXPENSES</b>						
Salaries & Benefits	1,734,048	844,950	-	889,098	48.7%	771,974
Materials, Supplies & Services	654,342	259,556	239,683	155,103	76.3%	349,901
Special Projects	4,979	(771)	-	5,750	-15.5%	(9,156)
Capital Outlay Transfers	85,000	42,500	-	42,500	50.0%	-
Equipment	268,279	(1,547)	81,948	187,878	30.0%	223,521
Capitalized Fixed Assets	-	488	-	(488)	100.0%	511
Appropriated Reserve	13,433	-	-	13,433	0.0%	-
<b>TOTAL EXPENSES</b>	<u>2,760,082</u>	<u>1,145,177</u>	<u>321,631</u>	<u>1,293,273</u>	<u>53.1%</u>	<u>1,336,750</u>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**WATERFRONT FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Leases - Commercial	1,428,020	830,248	-	597,772	58.1%	831,597
Leases - Food Service	2,410,338	1,349,584	-	1,060,754	56.0%	1,404,732
Slip Rental Fees	3,535,370	1,767,729	-	1,767,641	50.0%	1,734,769
Visitors Fees	442,690	272,964	-	169,726	61.7%	258,410
Slip Transfer Fees	688,500	169,500	-	519,000	24.6%	338,775
Parking Revenue	1,588,639	795,484	-	793,155	50.1%	805,049
Wharf Parking	280,500	110,223	-	170,277	39.3%	118,988
Other Fees & Charges	361,786	189,703	-	172,083	52.4%	180,096
Investment Income	276,019	188,771	-	87,248	68.4%	209,604
Rents & Concessions	277,134	141,290	-	135,844	51.0%	135,196
Miscellaneous	259,880	145,238	-	114,642	55.9%	54,078
<b>TOTAL REVENUES</b>	<u>11,548,876</u>	<u>5,960,733</u>	<u>-</u>	<u>5,588,143</u>	<u>51.6%</u>	<u>6,071,294</u>
<b>EXPENSES</b>						
Salaries & Benefits	5,495,871	2,699,247	-	2,796,624	49.1%	2,525,664
Materials, Supplies & Services	3,748,738	1,594,191	623,318	1,531,229	59.2%	1,664,048
Special Projects	30,393	15,253	15,952	(812)	102.7%	17,683
Debt Service	1,592,262	1,198,749	-	393,513	75.3%	1,194,749
Capital Outlay Transfers	926,999	495,499	-	431,500	53.5%	1,527,303
Equipment	209,584	50,928	8,396	150,260	28.3%	59,442
Capitalized Fixed Assets	15,000	-	-	15,000	0.0%	-
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>12,168,847</u>	<u>6,053,868</u>	<u>647,666</u>	<u>5,467,313</u>	<u>55.1%</u>	<u>6,988,889</u>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.



**Fiscal Year 2009 Interim Financial Statements**  
**For the Six Months Ended December 31, 2008 (50% of Year Elapsed)**

### General Fund Revenues

The table below summarizes General Fund revenues for the six months ended December 31, 2008. For interim financial statement purposes, revenues are reported on the cash basis (i.e. when they are received). The table below includes the budgeted totals as well as the year-to-date (YTD) budget, which for tax revenues has been seasonally adjusted based on a 3-year average of collections through the same period. Because tax revenues are not collected evenly throughout the year, adjusting the YTD budget to reflect the unique collection pattern of each category of tax revenue enables a more meaningful comparison to year-to-date results shown in the YTD Actual column. For all other revenues, the YTD Budget column represents 50% (6 months out of the 12 elapsed) of the annual budget column. Unlike tax revenues, these revenues tend to be collected more evenly during the year.

**Summary of Revenues**  
**For the Six Months Ended December 31, 2008**  
**GENERAL FUND**

	Current Year Analysis					3-Year Average Bench- mark	Prior Year Analysis	
	Annual Budget	YTD Budget *	YTD Actual	YTD Variance	YTD Percent Rec'd		Prior Year YTD Actual	Variance Prior Yr To Current Yr
Sales & Use Tax	\$ 20,759,000	\$ 7,867,661	\$ 7,603,457	\$ (264,204)	36.6%	37.9%	\$ 8,034,798	-5.4%
Property Tax	23,306,000	8,623,220	8,590,431	(32,789)	36.9%	37.0%	8,358,056	2.8%
UUT	6,966,000	3,434,238	3,509,286	75,048	50.4%	49.3%	3,347,604	4.8%
TOT	13,334,000	7,813,724	7,737,272	(76,452)	58.0%	58.6%	7,664,159	1.0%
Bus License	2,258,500	910,176	982,866	72,691	43.5%	40.3%	889,604	10.5%
Prop Trans Tax	500,000	290,500	166,796	(123,704)	33.4%	58.1%	296,310	-43.7%
Total Taxes	67,123,500	28,939,519	28,590,108	(349,411)	42.6%		28,590,531	0.0%
License & Permits	128,995	64,498	92,424	27,927	71.6%	50.0%	68,385	35.2%
Fines & Forfeitures	3,026,937	1,513,469	1,377,303	(136,166)	45.5%	50.0%	1,329,116	3.6%
Franchise Fee	2,995,400	1,401,847	1,463,071	61,224	48.8%	46.8%	1,320,438	10.8%
Use of Money & Property	1,920,692	960,346	966,991	6,645	50.3%	50.0%	1,121,751	-13.8%
Intergovernmental	1,401,799	700,900	1,971,469	1,270,570	140.6%	50.0%	1,782,958	10.6%
Fee & Charges	19,632,096	9,816,048	8,412,148	(1,403,900)	42.8%	50.0%	8,840,553	-4.8%
Miscellaneous	10,662,702	5,331,351	6,293,850	962,499	59.0%	50.0%	4,157,958	51.4%
Budgeted year-end variance	2,420,494	1,210,247	-	(1,210,247)	0.0%	50.0%	-	0.0%
Total Other	42,189,115	20,998,705	20,577,256	(421,449)	48.8%		18,621,159	
<b>Total Revenues</b>	<b>\$ 109,312,615</b>	<b>\$ 49,938,223</b>	<b>\$ 49,167,364</b>	<b>\$ (770,859)</b>	<b>45.0%</b>		<b>\$ 47,211,690</b>	<b>4.1%</b>

\* YTD Budget for Taxes is calculated based on a 3-year average of collections for each revenue source; for all other revenues, YTD Budget is calculated on a straight-line basis based on the number of months elapsed.

After six months of activity, we are able to identify trends in our revenues and can make preliminary estimates regarding where we expect revenues to be at year end. As can be seen in the table above, total revenues are approximately \$771,000 below the YTD budget at December 31, 2008. This variance is primarily due to the effect of the recession on our non-departmental tax revenues and fees and service charges. Although there is an unfavorable variance after six months, revenues are ahead of last fiscal year through the same period due to one-time rebates in the Miscellaneous Revenues category.

**Fiscal Year 2009 Interim Financial Statements**  
**For the Six Months Ended December 31, 2008 (50% of Year Elapsed)**

---

Overall, we expect that revenues will not meet budget at year end, falling short of budget by approximately \$2.5 million in non-departmental revenues and approximately \$1.3 million in departmental revenues. We will continue to monitor all revenues closely in the second half of the fiscal year.

It is important to note that the previous table includes \$2.42 million in “Anticipated Year-End Variance” as budgeted revenue. This “revenue” is equal to 2.25% of budgeted operating expenditures in the General Fund, and represents what staff projected in total favorable variances in revenues and expenditures (revenues *over* budget and expenditures *under* budget). No actual revenues are recognized in this account; rather the negative variance typically is offset by actual favorable variances realized in other revenue and expenditure accounts at year end. As discussed above, the current economic crisis has created significant shortfalls in projected year-end revenues and, therefore, it is expected that no overall favorable year-end revenue variances will be realized by year-end. Expenditure savings will be relied alone to offset the negative variance in the anticipated year-end variance account.

Each revenue category shown in the table above is discussed below.

**Sales and Use Taxes**

Sales tax collections are below the YTD budget by \$264,200 (-3.4%) for two reasons. First, the final (“clean up”) payment received in September 2008 for the quarter ended June 30, 2008 came in -92.7% below the clean up payment received *last* fiscal year. The advances received from June – August 2008 were all recognized as fiscal year 2008 revenues; however the September clean up payment was recognized as *current year* revenue. The significantly lower clean up payment is due to the State essentially over-advancing the City for the quarter ended June 30, 2008. In total, sales tax receipts fell 7.3% for this quarter.

Additionally, for the quarter ended September 30, 2008, sales tax revenues declined 0.6% from last fiscal year for the same quarter. By year-end, we expect that overall sales tax revenues will be approximately -\$1,553,000 (-7.9%) short of budget based on an assumed **decline** of -3% for the remaining two quarters of the fiscal year.

**Property Taxes**

Property tax revenues are slightly under YTD budget at December 31 by \$32,789. This small variance is not considered significant. Budgeted revenues, particularly those from supplemental property tax assessments imposed when properties are sold or improved after the levy date, reflect the recent slow down in real estate sales and home improvements and are consistent with countywide projections. Budgeted growth was 3.9%; however, we expect 3.2% actual growth by year-end, resulting in a slight negative budget variance of \$140,700 (0.6%). This is due primarily to an increase in the County Property Tax Administration fee of \$103,100.

**Utility Users Taxes**

Utility users tax (UUT) is a 6% tax applied to virtually all utilities, including water, cable television, telephone, electricity, refuse, and natural gas. One-half of all UUT revenues is allocated to the Streets Fund for streets maintenance and capital improvements. The \$3.5 million revenue in the General Fund for the first six months is approximately \$75,000 (2.2%)

***Fiscal Year 2009 Interim Financial Statements  
For the Six Months Ended December 31, 2008 (50% of Year Elapsed)***

---

ahead of the YTD budget. Virtually all sectors of UUT revenue, except water, are meeting or exceeding expectations for the first six months of the fiscal year and exceeding prior year revenues. The change from prior year revenues is as follows:

Telephone	5.2%
Electric	0.5%
Natural Gas	25.0%
Cable TV	8.8%
Refuse	5.6%
Water	-0.4% (due to flat water revenues)

Although Measure G was passed by voters in November 2008 lowering the UUT rate to 5.75% on telecommunications services, the new lower rate will not go into full effect until March, 2009 due to PUC noticing requirements and implementation deadlines in the City's own Telecommunications Ordinance. Despite the lower rate, Measure G is anticipated to be revenue neutral since it is applied to a wider base of telecommunications services, not just cable television. By year-end, we expect UUT revenues will exceed budget by approximately \$163,900 (4.2%) compared to budgeted growth of 1.8%.

**Transient Occupancy Taxes**

Transient occupancy tax (TOT) revenues are \$76,400 (2.5%) under the YTD budget; however, revenues are 1.0% ahead of the prior year at mid-year. TOT revenues showed growth in the first two months of the fiscal year, but then realized steady and increasing declines from September through December, with December receipts (for the month of November) down 11.6% from last year. TOT revenues are expected to end the year \$549,000 (1.2%) under budget compared to budgeted growth of 3.1%.

**Business License Tax**

Business license tax revenues are ahead of YTD budget by \$72,692 (43.5%) and 10.5% above revenues for the same period of the previous fiscal year. This particular revenue should not be affected this year by the current recession because the assessed rate for most businesses is based on prior year's gross receipts. As such, we anticipate this revenue will continue to show a positive budget variance at year-end.

**Property Transfer Tax**

After the first six months, Property transfer tax revenues show a significant negative budget variance of \$123,704 (42.6%). Property transfer taxes are paid when real property is sold, and the unfavorable variance is consistent with the overall decline in the housing market locally and nationally. . The budget for this revenue was based on an assumed 10.9% growth rate, consistent with historical trends; however, at this point, we expect a shortfall from budget of \$166,400 (26.1%) by year-end.

**Fines and Forfeitures**

General Fund revenues in this category are derived from three sources: Parking citation revenues and municipal court fines budgeted in the Police Department and Library fines. Fines

***Fiscal Year 2009 Interim Financial Statements  
For the Six Months Ended December 31, 2008 (50% of Year Elapsed)***

---

and forfeitures are \$136,166 (9%) below the YTD budget for the first half of the fiscal year. While municipal court fines are ahead of YTD budget by \$14,600 (19.7%), both parking citation revenues and library fines are down significantly. Library fines, budgeted at \$145,000, are short of YTD budget by \$19,700 (27.2%). However, Library fines are a relatively small source of General Fund revenue compared to parking citation revenues, budgeted at \$2.7 million. Parking citation revenues are down \$131,069 (9.6%) through the first six months and initial year-end estimates anticipated a \$350,000 shortfall in parking citation revenue. Despite Council recently approving an across-the-board fee increase to all parking citation fines, these revenues are expected to be approximately \$2.35 million (\$380,000 under budget) by year-end.

**Licenses & Permits**

Revenues in this category are derived from the issuance of a variety of miscellaneous licenses and permits for businesses and activities such as taxi cabs, dance halls, tobacco retailers, and animal licenses. These revenues are running well ahead of YTD budget at \$27,927 (43.3%), typical for this revenue category since licenses and permits are conservatively budgeted by departments and is a small source of revenue in the overall budget. We expect this revenue to continue to exceed budget at year-end.

**Franchise Fees**

Franchise fee revenues are received from companies that have a franchise agreement with the City and tend to follow the same pattern as UUT. Franchise fees are \$60,704 (4.3%) ahead of the YTD budget and all sectors are ahead of the YTD budget. While we expect this favorable trend to continue through the remainder of the fiscal year, the adopted budget assumed a 5.9% increase and franchise fees are projected to grow by 3.8% overall resulting in an expected budget shortfall of \$58,261.

**Use of Money & Property**

While the City's yield on investments has declined in the first six months, revenues in this category basically are flat at 50.3% through the first six months. This is due to interest on the City's EMLAP showing favorable budget variances and rents and leases meeting YTD budget. By year-end, we expect that this revenue category overall will meet budget with continuing declines in the interest yield offset by EMLAP interest and rents and lease income.

**Intergovernmental**

Intergovernmental revenue is ahead of the YTD budget almost entirely due to mutual aid revenues received by the Fire Department this year. The Department responded to a number of incidents in the last 18 months for which it is now receiving reimbursement that will offset the costs associated with providing the assistance. Staff is projecting that the City will receive almost \$2.2 million of mutual aid reimbursements by the end of the fiscal year. Since much of the revenues are to cover additional, unbudgeted, costs incurred this year, staff has included recommendations to increase appropriations from these additional revenues.

**Fiscal Year 2009 Interim Financial Statements**  
**For the Six Months Ended December 31, 2008 (50% of Year Elapsed)**

**Fees & Service Charges**

Overall, fees and service charges are \$1,403,900 (14.3%) under YTD budget, due primarily to revenue shortfalls in two areas: Community Development Planning and Building & Safety fees, County Library Administration fees, and, to a lesser extent, registrations for Recreation classes and programs. Other departmental fees and services are within expectations at the mid-year point of the fiscal year by either meeting the YTD budget or are seasonal in nature whereby more of the revenue typically is realized in the second half of the year.

The slowdown in the local economy has caused dramatic budget variances in the first six months in Community Development's planning and building and safety revenues. Overall, the Department's fees and service charges are below YTD budget by \$575,000 (17.3%), reflecting significant declines in applications seen at the counter. By year-end, staff expects these revenues to come in approximately \$1,100,000 below budget.

In the Library, the County Library Administration fees associated with the City's management and operation of the county library branches and the County Per Capita funding was not received in the first half of the fiscal year, contributing \$748,000 to the negative budget variance in the fees and service charges revenue category for the first six months. Both of these revenues were received in January, 2009 and, therefore, will meet budget.

Parks & Recreation revenues are \$145,900 (11.4%) below the YTD budget due to declining registrations for classes and programs. Revenue declines have been seen in areas of facilities registrations (-\$28,050), active adults program (-\$48,300) with the suspension of the senior tour program and the upcoming renovation of the Carrillo Recreation Center, teen programs (-\$6,600), aquatics (-\$4,100), and tennis (-\$1,750). Service charges from the youth afterschool programs are also down approximately -\$73,000; however, expenditure savings are expected to offset this particular negative budget variance. At mid-year, staff projects that year-end revenues will be approximately \$110,000 below budget.

Fees and Service Charges General Fund For the Six Months Ended December 31, 2008								
Department	Annual Budget	YTD Budget	YTD Actual	Budget Variance	Percent Received YTD	Prior Year YTD	Prior Year Variance	Percent Variance
Finance	\$ 858,930	\$ 429,465	\$ 406,412	\$ (23,053)	47.3%	\$ 396,315	\$ 10,097	2.5%
Community Development	5,545,017	2,772,509	2,179,264	(593,245)	39.3%	2,392,990	(213,726)	-8.9%
Parks & Recreation	2,555,665	1,277,833	1,131,940	(145,893)	44.3%	1,066,894	65,046	6.1%
Public Safety	433,055	216,528	168,066	(48,462)	38.8%	153,731	14,335	9.3%
Public Works	4,220,897	2,110,449	2,005,240	(105,209)	47.5%	2,302,339	(297,099)	-12.9%
Library	782,082	391,041	18,541	(372,500)	2.4%	31,838	(13,297)	-41.8%
Inter-Fund Charges	5,236,450	2,618,225	2,502,685	(115,540)	47.8%	2,496,446	6,239	0.2%
Total	<u>\$ 19,632,096</u>	<u>\$ 9,816,048</u>	<u>\$ 8,412,148</u>	<u>\$ (1,403,900)</u>	42.8%	<u>\$ 8,840,553</u>	<u>\$ (428,405)</u>	-4.8%

**Miscellaneous Revenues**

Miscellaneous Revenues are \$962,500 (9.0%) over YTD budget at December 31. The positive budget variance consists primarily of the rebates returned to the General Fund from the City's

**Fiscal Year 2009 Interim Financial Statements**  
**For the Six Months Ended December 31, 2008 (50% of Year Elapsed)**

ICS Funds. All of the rebates were booked in the first period of the fiscal year, resulting in positive YTD budget variances that will normalize by the end of the fiscal year.

**General Fund Expenditures**

The table below summarizes the General Fund budget and year-to-date expenditures through December 31, 2008. The Annual Budget column represents the amended budget, which includes appropriation carryovers from the prior year, as well as any supplemental appropriations approved by Council in the current year.

SUMMARY OF EXPENDITURES GENERAL FUND For the Six Months Ended December 31, 2008						
Department	Annual Budget	YTD Budget	YTD Actual	Encum - brance	Variance Favorable (Unfavorable)	
					\$	%
Mayor & Council	\$ 857,792	428,896	\$ 394,258	\$ 998	\$ 33,640	3.9%
City Attorney	2,230,025	1,115,013	1,093,336	-	21,677	1.0%
City Administrator	2,324,004	1,162,002	1,132,631	82,924	(53,553)	-2.3%
Administrative Svs.	2,220,288	1,110,144	951,999	54,743	103,402	4.7%
Finance	5,239,090	2,619,545	2,387,485	111,154	120,906	2.3%
Police	33,062,918	16,531,459	17,557,076	274,353	(1,299,970)	-3.9%
Fire	20,647,690	10,323,845	11,307,424	126,864	(1,110,443)	-5.4%
Public Works	7,234,204	3,617,102	3,346,062	170,376	100,664	1.4%
Parks & Recreation	16,047,753	8,023,877	8,041,140	425,771	(443,035)	-2.8%
Library	4,617,285	2,308,643	2,294,678	53,186	(39,222)	-0.8%
Community Dev.	11,496,500	5,748,250	5,744,046	503,917	(499,713)	-4.3%
Non-Departmental	4,544,865	2,272,433	2,440,925	-	(168,493)	-3.7%
Total	<u>\$ 110,522,414</u>	<u>\$ 55,261,207</u>	<u>\$ 56,691,060</u>	<u>\$ 1,804,286</u>	<u>\$ (3,234,139)</u>	-2.9%
% of annual budget		50.0%	51.3%	1.6%		

As shown above, a year-to-date budget (labeled "YTD Budget") column is included. This represents 50% of the annual budget to coincide with 6 out of 12 months in the fiscal year having elapsed. Unlike revenues, where the collection rate during the year is seasonally affected, most expenditures tend to be incurred fairly evenly throughout the year. This is primarily due to salary and benefits expenditures, which account for approximately 75% of General Fund expenditures, that tend to be incurred fairly evenly throughout the year and.

The amended annual budget totaled approximately \$110.5 million, and the year-to-date budget is calculated at \$55.3 million (50%). Actual expenditures of \$56.7 million, combined with \$1.8 million in encumbrances, results in an unfavorable variance of \$3.2 million (-2.9%). Encumbrances consist of amounts carried forward from the prior year and current year encumbered contracts for materials and services, such as financial audits, maintenance, and professional services that will be performed throughout the remainder of this fiscal year. With the exception of Parks & Recreation, Police, Fire, and Non-Departmental, all negative mid-year

***Fiscal Year 2009 Interim Financial Statements  
For the Six Months Ended December 31, 2008 (50% of Year Elapsed)***

---

variances are attributable to encumbrances that will be liquidated throughout the year. Excluding encumbrances, expenditures were \$1.4 million (1.2%) over the YTD budget.

The economic climate in Santa Barbara and throughout the country got significantly worse in the second quarter of the year. As noted in the previous section, key City revenues have been negatively impacted and, accordingly, General Fund expenditures will need to be curtailed to offset the expected revenue shortfalls. In December, each General Fund department was given an expenditure reduction target to be met during the final six months of the fiscal year, for a total targeted savings of \$3 million. All departments will be closely monitoring expenditures throughout the remainder of the year to ensure that expenditures end the year under budget by the targeted amount. These adjustments were agreed upon but the annual budget has not been adjusted for the expenditure reduction targets at this time. Accordingly, the adjustments have not been reflected in the Summary of Expenditures shown above or in the interim financial statements included as attachment 3 to the agenda report.

Departments with negative variances through December 31, 2008 are discussed below.

**City Administrator Office**

City Administrator departmental expenditures were \$53,343 over the YTD budget due to \$82,924 in outstanding encumbrances at December 31. These encumbrances are primarily professional service contracts for labor relations and Spanish translation services for City TV that will be utilized throughout the year. These create a temporary variance and will be expended throughout the remainder of the year as needed.

**Police Department**

Police Department expenditures and encumbrances were almost \$1.3 million over the YTD budget. Approximately \$274,000 is attributable to encumbrances that will be consumed throughout the remainder of the year. The larger outstanding encumbrances include approximately \$101,000 for the sobering center and Department of Justice drug analysis, over \$50,000 for computer and other equipment purchases, \$27,000 for an electronic chalking system, \$22,000 for computerized parking citations, and over \$20,000 for the purchase of protective vests and tasers. Salary & benefit costs were approximately \$915,000 over the YTD budget primarily due to payouts of accumulated leave time for in connection with the retirement of several senior officers. One of the recommended mid-year adjustments is an increase in appropriations in the Police Department of \$400,000 to cover the higher than normal amount of leave payouts. Secondly, the department incurred overtime costs associated with Fiesta, July 4<sup>th</sup>, and Solstice celebrations that occur in the first part of the year only. Staff projects that salary and benefit costs will decrease in the second half of the year and that Police Department expenditure savings, with the increase in appropriations of \$400,000, will be able to meet their targeted savings by year end.

**Fire Department**

Fire Department expenditures were approximately \$1.1 million over the YTD budget at December 31. This negative variance is primarily due to the costs of providing mutual aid assistance to fight several fires outside Santa Barbara County this year. The cost of providing mutual aid so far this year was approximately \$1.4 million. The City receives mutual aid

***Fiscal Year 2009 Interim Financial Statements***  
***For the Six Months Ended December 31, 2008 (50% of Year Elapsed)***

---

reimbursements to offset the additional allowable direct costs plus overhead associated with providing mutual aid assistance. The Department is requesting \$1 million in additional appropriations at mid-year to cover these costs.

**Parks & Recreation Department**

Parks & Recreation Department expenditures were approximately \$443,000 over the YTD budget at mid-year, with approximately \$426,000 due to unspent encumbrances. Excluding encumbrances, the Department had a \$17,000 negative variance at December 31. Small negative mid-year variances are normal because of the many summer programs that occur in the first two months of the year. This negative variance generally evens out throughout the remainder of the year. The encumbrances include maintenance contracts, professional service contracts, supplies and equipment, and other costs that will be spent throughout the remainder of the fiscal year.

**Community Development/Library Departments**

Community Development and Library Department expenditures were over budget at December 31 by approximately \$500,000 and \$39,000, respectively. These negative variances were due to unspent encumbrances of \$504,000 and \$53,000 in the Community Development and Library Departments. Community Development encumbrances include human services grants, professional service contracts, supplies and services costs, and other purchases. The unspent encumbrances will be utilized throughout the remainder of the year and staff expects to meet the new budget targets at year-end.

**Non-Departmental**

Non-Departmental expenditures often exceed the YTD budget at December 31 because of debt service payments that are not incurred evenly throughout the year, the encumbrance of the community promotions contract with the Conference and Visitors Bureau, and the costs of Fiesta and July 4<sup>th</sup> that occur in the first quarter. While there is a \$168,000 negative budget variance through six months, this variance is temporary and expenditures are expected to be within budgetary limits at year-end.

**Enterprise Funds**

Unlike the General Fund, which relies primarily on taxes to subsidize programs and services, Enterprise Fund operations are primarily financed from user fees. Because of this, enterprise fund revenues have not been negatively impacted by the steep decline in key tax revenues that has occurred in the General Fund. However, the recession will have an impact on the enterprise funds as customers look for ways to minimize the effects of the current recession on their personal finances and reduce expenditures from their budgets. The Airport is seeing reductions in passenger counts and reductions in car rentals; the Downtown Parking Fund is experiencing a reduction in parking levels; and rounds of golf continue to decline in the Golf Fund. Unlike the General Fund, Enterprise Funds were not required to reduce their current year expenses but will do so as needed to offset revenue reductions that may occur this year.



**Fiscal Year 2009 Interim Financial Statements**  
**For the Six Months Ended December 31, 2008 (50% of Year Elapsed)**

<b>SUMMARY OF REVENUES &amp; EXPENSES</b> <b>Six Months Ended December 31, 2008</b> <b>ENTERPRISE FUNDS</b>								
	Current Year Analysis						Prior Year Analysis	
	Annual Budget	YTD Budget *	YTD Actual	YTD Variance	YTD Percent	3 Year Average	YTD Actual	% Variance
<b>Water Fund</b>								
Revenues	\$ 32,593,646	\$ 17,597,309	\$ 18,819,047	\$ 1,221,738	57.7%	54.0%	\$ 18,402,467	2.3%
Expenses **	35,793,013	17,896,507	19,195,535	(1,299,029)	53.6%	50.0%	16,796,375	14.3%
<b>Wastewater Fund</b>								
Revenues	14,625,942	7,427,053	7,531,070	104,017	51.5%	50.8%	7,135,721	5.5%
Expenses **	15,056,773	7,528,387	7,970,927	(442,541)	52.9%	50.0%	7,889,111	1.0%
<b>Downtown Parking Fund</b>								
Revenues	7,464,980	3,525,710	3,429,033	(96,677)	45.9%	47.2%	3,506,144	-2.2%
Expenses **	9,624,437	4,812,219	5,747,228	(935,010)	59.7%	50.0%	4,101,470	40.1%
<b>Airport Fund</b>								
Revenues	12,892,002	6,367,360	6,857,433	490,073	53.2%	49.4%	6,635,556	3.3%
Expenses **	15,006,609	7,503,305	7,776,825	(273,521)	51.8%	50.0%	8,408,893	-7.5%
<b>Golf Fund</b>								
Revenues	2,695,570	1,341,316	1,142,670	(198,646)	42.4%	49.8%	1,140,652	0.2%
Expenses **	3,349,846	1,674,923	1,960,214	(285,291)	58.5%	50.0%	1,420,397	38.0%
<b>Waterfront Fund</b>								
Revenues	11,548,876	5,996,176	5,960,733	(35,443)	51.6%	51.9%	6,071,294	-1.8%
Expenses **	12,168,847	6,084,424	6,701,534	(617,111)	55.1%	50.0%	7,707,049	-13.0%
* The YTD Budget column has been calculated based on a 3-year average collection rate through December 31, which has been applied to the annual budget.								
** Expenses include encumbrances at December 31.								

The table above summarizes Enterprise Fund revenues and expenses through December 31, 2008, with a comparison to budget and prior year. Note that the "YTD Budget" column for revenues has been calculated based on a 3-year average collection rate through December 31. This rate, which is shown as a percentage in the "3 Year Average" column, has been applied to the annual budget amount to arrive at the YTD Budget. This approach is used in recognition that enterprise fund revenues, like General Fund tax revenues, are seasonally affected and are generally not received evenly throughout the year. For example, Water Fund revenues are affected by weather conditions such that demand is higher in the warmer summer months and lower in the wet winter months. Therefore, adjusting the budget for seasonal variations allows for a more meaningful comparison to YTD revenues. The YTD budget for expenses is 50% of the annual budget. The "YTD Actual" for expense includes encumbrances at December 31 of each respective year.

Revenues of the Water, Wastewater, Airport, and Waterfront Funds are in line with the seasonally adjusted revenue expectations at mid-year. Staff projections indicate that the Water and Wastewater Funds will meet or exceed the revenue budgets for the year. Expenses of all of the enterprise funds were above the YTD budget at December 31, 2008; however, this negative variance is attributable to unspent encumbrances. As previously noted, the

***Fiscal Year 2009 Interim Financial Statements  
For the Six Months Ended December 31, 2008 (50% of Year Elapsed)***

---

encumbrances are the result of annual contracts and other costs that will be liquidated throughout the remainder of this year. Additionally, debt service payments are not paid evenly throughout the year and result in additional temporary variances throughout the year. Enterprise fund expenditures are expected to end the year well within budgetary limits.

Airport Fund revenues are projected to end the year approximately \$194,000 under budget. This projected revenue shortfall is due to declines in both commercial & industrial revenues and terminal revenues. Specifically, commercial & industrial lease revenues will be approximately 4% under budget due to the loss of 3 tenants and limited ability to re-lease the properties as a result of the economic slowdown and the location of some of the properties. Terminal revenues are projected to be approximately 7.2% below budget because of a corresponding decline in passenger traffic. Decreased passenger traffic affects food & beverage, gift shop, and parking revenues.

Waterfront staff projects a \$295,000 negative annual variance in Marina Management revenues. This is primarily due to a steep decline in slip transfer fee revenue. The current recession has caused a decline in boat purchases and associated slip transfers this year. This is also reflected in the percent rents received from the three boat brokerage businesses that operate in the Waterfront area.

Downtown Parking Fund revenues were at 45.9% of the annual budgeted amount at December 31. This is almost entirely due to hourly parking revenues falling below the original estimate. The actual number of hourly parking transactions is below the estimate and revenues are expected to end the year approximately \$365,000 below the annual budget. Budgeted expenses include \$2.9 million for capital projects that are planned over several years. Some of the projects will be delayed as needed to offset the revenue shortfall this year.

Golf Fund revenues were approximately 7.4% below the 3-year average of collections through December 31. This unfavorable revenue variance is primarily attributable to a reduction in rounds played and a budgeted \$350,000 loan from the General Fund that has not yet been funded. The rounds of golf played are down 5.9% from the rounds for the first six months of the prior year. Revenues are projected to fall short of the annual budget, but expenses will be reduced to offset the revenue shortfall. Golf Fund expenses were 8.5% (\$285,000) above the YTD budget at December 31. This unfavorable variance is primarily due to more than \$500,000 in costs expended on the Golf Safety Improvement Plan (SIP). These costs are not spent ratably throughout the year but rather as the various phases of the SIP are completed.

**CITY OF SANTA BARBARA**  
**Schedule of Recommended Mid-Year Adjustments**  
**Fiscal Year Ending June 30, 2009**

	<u>Increase/ (Decrease) Expenditure Appropriation</u>	<u>Increase/ (Decrease) Revenue Budget</u>	<u>Increase/ (Decrease) Fund Balance</u>
<b>GENERAL FUND (001)</b>			
<b>Non-Departmental Revenues</b>			
Sales Tax	\$ -	\$ (1,552,568)	\$ (1,552,568)
Property Tax	-	(140,705)	(140,705)
Transient Occupancy Tax	-	(548,887)	(548,887)
Utility Users Tax	-	163,923	163,923
Franchise Fees	-	(58,261)	(58,261)
Property Transfer Tax	-	(166,408)	(166,408)
Vehicle License Fees	-	(94,326)	(94,326)
<b>Departmental Revenues</b>			
Fees & Charges	-	(1,070,000)	(1,070,000)
Police Parking Violations	-	(380,000)	(380,000)
<b>Fire Department</b>			
Overtime costs to provide mutual aid	755,359	-	(755,359)
Mutual aid revenues	-	1,005,359	1,005,359
Reduce vehicle replacement cost	(131,836)	-	131,836
<b>Police Department</b>			
Vacation/Sick leave pay-outs (retirements)	400,000	-	(400,000)
<b>Non-Departmental (Balancing Adjustments)</b>			
Transfers from Street Sweeping Fund	-	1,000,000	1,000,000
Transfers from Self-Insurance Fund	-	500,000	500,000
Rebate from Information Systems	-	52,983	52,983
Rebate from Intra-City Service Fund	-	114,425	114,425
Rebate from Equipment Replacement Fund	-	75,965	75,965
Reduce capital transfers for delayed projects	(725,000)	-	725,000
Total General Fund	<u>\$ 298,523</u>	<u>\$ (1,098,500)</u>	<u>\$ (1,397,023)</u>
<b>CITY HALL ALLOCATION FUND (041)</b>			
Transfer to Information Systems Capital Fund	<u>\$ 33,333</u>	<u>\$ -</u>	<u>\$ (33,333)</u>
<b>STREET SWEEPING FUND (332)</b>			
Transfer to General Fund	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
<b>INTRA-CITY SERVICE FUND (511)</b>			
Rebate to General Fund	<u>\$ 114,425</u>	<u>\$ -</u>	<u>\$ (114,425)</u>
<b>ICS EQUIPMENT REPLACEMENT FUND (512)</b>			
Rebate to General Fund	<u>\$ 75,965</u>	<u>\$ -</u>	<u>\$ (75,965)</u>
<b>SELF-INSURANCE TRUST FUND (531)</b>			
Transfer to General Fund	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>

**CITY OF SANTA BARBARA**  
**Schedule of Recommended Mid-Year Adjustments**  
**Fiscal Year Ending June 30, 2009**

	<u>Increase/ (Decrease) Expenditure Appropriation</u>	<u>Increase/ (Decrease) Revenue Budget</u>	<u>Increase/ (Decrease) Fund Balance</u>
<b>INFORMATION SYSTEMS FUND (541)</b>			
Transfer to Information Systems Capital Fund	\$ 55,000	\$ -	\$ (55,000)
Rebate to General Fund	52,983	-	(52,983)
Total Information Systems	<u>\$ 107,983</u>	<u>\$ -</u>	<u>\$ (107,983)</u>
<b>INFORMATION SYSTEMS CAPITAL FUND (542)</b>			
Infrastructure Upgrade Project	\$ 168,888	\$ -	\$ (168,888)
Transfer from Other Funds	-	83,333	83,333
Reduce GIS Project	(80,555)	-	80,555
Total Information Systems Capital	<u>\$ 88,333</u>	<u>\$ 83,333</u>	<u>\$ (5,000)</u>
<b>WATER FUND (411)</b>			
Water treatment expense due to fires	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
<b>WASTEWATER FUND (421)</b>			
Increase Sewer Lateral Rebate Program	\$ 350,000	\$ -	\$ (350,000)
Transfers From Wastewater Capital Fund	-	350,000	350,000
Total Wastewater Fund	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>
<b>WASTEWATER CAPITAL FUND (422)</b>			
Reduce Sewer Overflow Compliance Program	\$ (350,000)	\$ -	\$ 350,000
Transfers to Wastewater Fund	350,000	-	(350,000)
Total Wastewater Capital Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANTA BARBARA**  
**Summary of Recommended Balancing Strategy**  
**Fiscal Year 2009**  
**GENERAL FUND**

**PROJECTED DEFICIT**

**Non-Departmental Revenues Surpluses (Shortfalls)**

Sales Taxes	\$ (1,552,568)	
Property Taxes	(140,705)	
TOT	(548,887)	
UUT	163,923	
Franchise Fees	(58,261)	
Property Transfer Taxes	(166,408)	
Vehicle License Fees	<u>(94,326)</u>	\$ (2,397,232)

**Department Revenues Shortfalls**

Fees & Charges	(1,070,000)	
Police (Pkg. Violations)	<u>(380,000)</u>	(1,450,000)

**Other**

Unrealized Year-End Variance	(2,420,494)	
Vacation/Sick Leave Pay-Outs	<u>(400,000)</u>	<u>(2,820,494)</u>

<b>Projected Use of Reserves at June 30, 2009</b>	<b>\$ <u>(6,667,726)</u></b>
---	------------------------------

**PROPOSED STRATEGY TO BALANCE**

Expenditure Savings	3,500,000
One-Time Measures	
Appropriated Reserves	700,000
Workers' Comp Reserves	1,000,000
ICS Charge Rebate (3%)	243,373
Streets Sweeping Fund Reserves	500,000
Reduced Capital Program	<u>725,000</u>
Total	<b>\$ <u>6,668,373</u></b>